



June 12, 2006

Mr. Michael McMonagle
American Reinsurance Company
American Re Plaza
555 College Road East
Princeton, NJ 08543

RE: Facultative Reinsurance
Claim #: various

Insured: Watts Industries
D.O.L.: various

Zurich-American Insurance Group

Dear Mr. McMonagle:

1400 American Lane
Schaumburg, Illinois
60196-1056

This is to follow the previous memos from our office regarding the above-mentioned claims. Per this correspondence, Zurich American wishes to request settlement on the payments made on these claims as follows:

Telephone 847 605 6000

net <http://www.zurichamerican.com>

Claim #: 912-0041910
Policy #: 6580893-00

D.O.L.: 06/30/91
AmRe Claim #: 6112285

Direct Losses Paid	\$3,194,025.68
Direct DJ Expenses Paid	<u>\$ 406,814.70</u>
Total Subject to Reinsurance	\$3,600,840.38

Am Re Participation:	Indemnity	DJ Expense
85% of \$750,000 xs \$250,000	\$ 637,500.00	\$ 81,196.71
100% of \$2 mil xs \$1 mil	<u>\$2,000,000.00</u>	<u>\$254,734.77</u>
Total Recoverable on FAC	\$2,637,500.00	\$335,931.48

Net Recoverable due Zurich \$2,973,431.48

Claim #: 912-0041909
Policy #: 6580889-01

D.O.L.: 06/30/92
AmRe Claim #: 6112285

Direct Losses Paid	\$3,194,025.68
Direct DJ Expenses Paid	<u>\$ 406,814.70</u>
Total Subject to Reinsurance	\$3,600,840.38

Am Re Participation:	Indemnity	DJ Expense
85% of \$500,000 xs \$500,000	\$ 425,000.00	\$ 54,131.14
100% of \$2 mil xs \$1 mil	<u>\$2,000,000.00</u>	<u>\$254,734.77</u>
Total Recoverable on FAC	\$2,425,000.00	\$308,865.91

Net Recoverable due Zurich \$2,733,865.91

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Claim #: 912-0041972
Policy #: 6580889-02

D.O.L.: 06/30/93
AmRe Claim #: 6112285

Direct Losses Paid	\$3,194,025.65
Direct DJ Expenses Paid	\$ 406,814.70
Total Subject to Reinsurance	\$3,600,840.35

<u>Am Re Participation:</u>	<u>85% of \$4 mil xs \$1 mil</u>
Ceded Indemnity	\$1,864,921.80
Ceded DJ Expenses	\$ 237,530.21
Net Recoverable due Zurich	<u>\$2,102,452.01</u>

Claim #: 912-0041907
Policy #: 6580889-03

D.O.L.: 06/30/94
AmRe Claim #: 6112285

Direct Losses Paid	\$ 3,194,025.68
Direct Expenses Paid	\$14,363,270.73
Direct DJ Expenses Paid	\$ 406,814.70
Total Subject to Reinsurance	\$17,964,111.11

<u>Am Re Participation:</u>	<u>75% of \$4 mil xs \$1 mil</u>
Ceded Indemnity	\$ 1,645,519.26
Ceded Expenses	\$ 7,399,764.75
Ceded DJ Expenses	\$ 209,585.48
Net Recoverable due Zurich	<u>\$ 9,254,869.49</u>

Claim #: 912-0041906
Policy #: 6580889-04

D.O.L.: 06/30/95
AmRe Claim #: 6112285

Direct Losses Paid	\$ 3,194,025.66
Direct Expenses Paid	\$16,832,531.91
Direct DJ Expenses Paid	\$ 406,814.70
Total Subject to Reinsurance	\$20,433,372.27

<u>Am Re Participation:</u>	<u>75% of \$4 mil xs \$1 mil</u>
Ceded Indemnity	\$ 1,645,519.25
Ceded Expenses	\$ 8,671,895.02
Ceded DJ Expenses	\$ 209,585.48
Net Recoverable due Zurich	<u>\$10,526,999.75</u>

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Claim #: 912-0029506 **D.O.L.: 06/30/96**
Policy #: 6580889-05 **AmRe Claim #: 6112285**

Direct Losses Paid	\$ 2,724,958.00
Direct DJ Expenses Paid	\$ 406,814.70
Total Subject to Reinsurance	\$ 3,131,772.70

<u>Am Re Participation:</u>	<u>75% of \$4 mil xs \$1 mil</u>
Ceded Indemnity	\$ 1,293,718.50
Ceded DJ Expenses	\$ 193,141.95
Net Recoverable due Zurich	<u>\$ 1,486,860.45</u>

Please arrange settlement of the \$29,078,479.09 due Zurich at your earliest convenience. If you have any questions concerning this bill, please contact Rachel Van der Linde at (847) 240-8067.

Zurich North America – Reinsurance Accounting
Instructions for Wire Transfers and Check Lockbox

Wire Transfer is the preferred method to receive payment at Zurich N.A.
Please use the following wiring instructions:

LaSalle Bank
135 South LaSalle Street
Chicago, IL 60603
Zurich Account #5800267212
ABA #071000505

For payments by check, please use the new Wholesale Lockbox:

Deliveries by USPS First Class Mail and all major couriers the Wholesale Lockbox remittance address should read exactly as follows:

ZURICH-REINSURANCE
2346 PAYSPIRE CIRCLE
(CHICAGO IL 60674 Do not append a +4 code)
*all caps and no punctuation is preferred

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Sincerely,

Rodney J. Kuzera

Rodney J. Kuzera
Accounting Analyst